The Biscuits Market in Brazil

August 1999

(Également disponible en français sous le titre, Le marché des biscuits au Brésil)

Prepared by the
Team Canada Market Research Centre
and the
Canadian Trade Commissioner Service

(FaxLink no. 34939)

Canada

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7. What were your organization's total sales last year, in Canadian dollars?
   - ☐ Less than $10 million
   - ☐ More than $50 million
   - ☐ $10 million to $50 million
   - ☐ Not applicable

Additional comments/suggestions for improvement: ____________

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The Team Canada Market Research Centre produces a wide range of market reports by region and sector for Canadian exporters. For further information please contact:

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- FaxLink Domestic service (613-944-4500);
- DFAIT Internet site (http://www.dfait-maeci.gc.ca)

Trade Evaluation and Analysis Division (TEAD)
Agriculture and Agri-Food Canada
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Telephone: (613) 759-7652
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The Team Canada Market Research Centre
August 1999

THE BISCUITS MARKET IN BRAZIL

Team Canada Inc - Équipe Canada inc

EXECUTIVE SUMMARY

In 1998, the biscuit market in Brazil totalled $3.2 billion in sales,[1] with consumption reaching about 1.2 million tonnes. The market is expected to continue its pattern of growth of more than 10% per year, in both sales and consumption, through 2000.

Argentina led the countries supplying the $37.6 million import market in 1998, with $12.6 million in exports, representing 33.5% of the import market. Canada's exports of biscuits continued to decline, reaching $11,800 and just 0.03% of the import market in 1998. Canadian biscuit manufacturers considering exporting to Brazil are advised to include strong advertising and product development as key elements of their market strategy.

The biscuit market consists of sweet and savoury biscuits, with sweet biscuits the faster growing and more popular of the two subsectors. However, the trend of biscuit sales growth in recent years has been affected by Brazil's recent economic struggles. The economic recession that Brazil is currently experiencing has weakened consumer purchasing power. Consumers are currently less willing to spend extra money for higher priced goods when other products, perceived to be of similar quality, are less expensive. The biscuit market is highly competitive, making success highly dependent upon price competitiveness. Suppliers wishing to enter this sector should consider forming joint ventures or establishing domestic manufacturing facilities in order to lower production costs.

Although the market in southern Brazil is already highly developed and competitive, the northeastern market has not yet reached its full potential. The northeast is responsible for 26% of Brazil's total biscuit consumption – the highest percentage in the country – however, distribution networks are not efficient. Current modernization and privatization of northeastern ports will help decrease transportation time and expenses to inland areas, since goods will not have to make the trek from the south.

[1] All currency amounts are in Canadian funds unless otherwise stated. The source for the currency conversion rates for the Canadian dollar, the Brazilian real, and the U.S. dollar are the average annual rates based on IDD Information Services, *Tradeline*, July 1999, and the United States Federal Reserve Bank of St. Louis, September 1999.

TABLE OF CONTENTS

THE BISCUITS MARKET IN BRAZIL

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MARKET OVERVIEW

The biscuit market in Brazil enjoyed much the same growth success through the 1990s as several other food markets, due in part to the economic prosperity brought about by the government's 1994 *Plan Real*. Biscuit manufacturers also made efforts to establish brand loyalty and to improve the quality of their products, which helped improve sales. Between 1991 and 1998, the biscuit market grew by 65%, reaching a total of $3.2 billion in 1998, with projections for 10% sales growth per year through 2000.

The biscuit market is divided into two sectors: sweet (including sandwiches with filling and wafers) and savoury. Sweet biscuits are the largest segment of the biscuit market, posting an average annual growth rate of 17% from 1991 to 1998. This segment is expected to continue its steady growth, at an average rate slightly above the overall market rate, and to account for nearly 70% of total biscuit sales by 2000.

The savoury sector was sightly more volatile in the early 1990s, but settled into a pattern of steady growth after 1993. Between 1991 and 1998, the average annual growth rate was 17%, and growth is expected to average 12% per year until 2000.

The volume of biscuits consumed in Brazil grew steadily between 1991 and 1998, averaging 11% per year and topping 1.2 million tonnes in 1998, with salted biscuits accounting for 24%, sweet (dry) biscuits 21%, sandwiches with filling 42%, and other biscuits (wafers, and so on) 13%. Consumption growth is expected to continue at approximately the same rate through the turn of the century.

Key Factors Shaping Market Growth

Brazil is currently experiencing an economic recession, following a period of growth brought about by the stabilization of the economy under the *Plan Real*. Under this plan, Brazil saw the demise of hyperinflation and an increase in consumer purchasing power. Since that time, however, economic performance in Brazil has struggled. The Brazilian economy grew 3.7% in 1997, but slowed to just 0.5% in 1998, its smallest growth since 1992. On January 13, 1999, Brazil was forced to devalue its currency and allow it to float on global markets. Following the devaluation, the *real* plunged, losing more than

35% of its value, which threatened to significantly affect the country's economy, as well as the economies of its Latin American and MERCOSUR partners (the southern cone common market, which includes Brazil, Argentina, Uruguay and Paraguay, with Bolivia and Chile as associate members).

These economic struggles demonstrate Brazil's efforts to defend the overvalued *real* against similar economic collapses in the developing economies of Asia and Russia in 1998. Brazil has been able to recover more quickly than other struggling economies because it does not rely heavily on imports. Interest rates have fallen for eight consecutive periods, from 49% to 22%, and inflation is under control at a rate of less than 8% per annum. Predictions are that Brazil's 1999 economy will shrink by 1.5%.

The increases - historical and forecasted - in the value and volume of the Brazilian biscuit market reveal a rising demand for quality products in various formats. The market is shifting away from large, bulk type packages of biscuits. In 1993, there was an equal split in sales of large 500g packages and small 200g packages. In 1997, the division shifted in favour of small packages to a ratio of 35% to 65%. This shift is the result of a move away from traditional low-priced cream style crackers toward a variety of new products.

Conventional salted biscuits, such as cream crackers, have become "commodities," presenting narrow profit margins and creating a highly competitive market among a great number of producers, resulting in fiercely competitive pricing strategies by all involved.

Opportunities

With the stabilization of the Brazilian economy, the biscuit market in Brazil will offer good opportunities for new participants in the market. It is expected that product innovation and advertising will be the most significant engines for growth in the biscuit sector.

The abundance of small biscuit producers in Brazil means that there are opportunities to form joint ventures. Canadian producers seeking joint ventures or shared production facilities in Brazil will benefit from tariff relief afforded to domestic producers. Producing goods in Brazil would also allow Canadian producers to avoid having to pay the Common External Tariff (CET) when exporting to neighbouring MERCOSUR countries. This strategy would allow Canadian biscuit producers to keep costs down, and competitively price their products.

Actual and Planned Projects

Several Brazilian biscuit producers, including São Luiz, Aymore, Tostines, Mabel, and J Macedo Alimentos, announced expansion plans in late 1998. São Luiz, Aymore, and Tostines planned to launch a total of 14 new products, while Tostines also invested $11.8 million to modernize its equipment and change its packaging design. The companies may, however, have put some plans on hold due to the severe currency devaluation that occurred in early 1999.

J Macedo Alimentos, the northeast-based manufacturer of Aguia biscuits, which leads the northeastern biscuit market, announced plans in late 1998 to enter the southeastern biscuit market. Penetration of the market will take place through Dona Benta, Brazil's leading flour producer, which also operates in the biscuit market on a small scale. While J Macedo is able to price its products lower than competitors because of its reduced transport and raw material costs, and therefore enjoys a 5.7% market share in the northeast, the company will be forced to price its products higher when transporting them to the southeast.

Mabel, the sixth largest cookies producer in Brazil, invested $14.8 million to build a plant in Tres Lagoas, in the state of Mato Grosso do Sul. The plant, which began operations in September, was constructed to increase company market share from 4.5% to 5.8% and to allow for exports to other Latin American countries.

COMPETITIVE ENVIRONMENT

Local Capabilities

Due to the logistics and costs of national distribution, the biscuit market is highly fragmented and therefore supplied mainly by small, regional producers. These producers control almost 60% of the biscuit market, with large name-brand producers making up the remaining 40%.

Leading producers in the sweet biscuit subsector in the 200g-package size are:

- Nestlé (São Luiz and Tostines), 23%;
- Danone (Aymore and Triunfo), 22%;
- Nabisco, 6%; and
- Parmalat, 4%.

In the savoury biscuit subsector, the leading producers and their market share are:

- Nestlé, 20%;

- Industrias Productos Alimenticios Piraque, 9%; and
- Aymore Products Alimenticios SA, 8%.

Recognizing the increasingly competitive nature of the market, companies have made several moves in recent years to improve the market position of their products. In the last two years, local biscuit manufacturers have invested over $145 million to modernize their plants and thus be able to offer a greater variety of products, as well as increase production capacity. In 1998, a number of companies collectively invested $60 million in marketing campaigns, according to the following break down:

- Nestlé (São Luiz), $27 million (45%);
- Nestlé (Tostines), $16.2 million (27%);
- Bauducco, $3.6 million (6%);
- Nabisco, $2.4 million (4%);
- Danone-Triunfo, $1.2 million (2%); and
- Others, $6 million (16%).

International Competition

In 1998, Brazil imported $37.6 million in biscuits, down from $46.1 million in 1996. Argentina, the largest supplier of biscuits in the three-year period of 1996 to 1998, also saw its exports decline, from $15.2 million to $12.6 million in the same period. Despite the decline in the value of its exports, Argentina increased its share of the import market to 33% in 1998. Italy and Sweden each exported approximately $6 million to Brazil in 1998, capturing 16.7% and 15.9% of the import market, respectively.

Table 1: Top Five Suppliers of Biscuits to Brazil, 1996-1998 ($ millions)

Rank	Country	1996	1997	1998	Share of 1998 Market (%)
1	Argentina	15.220	10.167	12.611	33.5
2	Italy	3.630	6.166	6.285	16.7
3	Sweden	0.006	2.239	5.997	15.9
4	Denmark	7.984	4.500	3.138	8.3
5	Germany	1.072	1.707	1.551	4.1
	TOTAL IMPORTS	**46.141**	**35.028**	**37.694**	-

Note: HS code 190530
Source: *World Trade Atlas*, Global Trade Information Services, Inc., 1999.

Exporters outside MERCOSUR face significant challenges to capture shares of market sectors. Under the MERCOSUR customs union agreement, the four member countries

aim to conduct free trade across their borders, including agricultural goods, while other countries still face various tariff and non-tariff barriers. MERCOSUR originally hoped to incorporate Chile and Bolivia by 2000; however, for now these countries remain associate members. In January 1999, inter-regional tariffs between Argentina and Brazil were eliminated following the completion of a five-year cycle of tariff rate deductions. January 2000 will bring the elimination of the same tariffs in Uruguay and Paraguay, completing the elimination of most tariff and non-tariff barriers to trade between the MERCOSUR member countries; however, the customs union will not be in full effect until January 2006, when the Common External Tariff will be uniformly applied by each of the MERCOSUR countries.

The European Union is set to commence free trade discussions with MERCOSUR, including on the topic of agriculture. These discussions are expected to take years to formulate an agreement; however, the impact of an EU-MERCOSUR free trade pact would significantly increase competition for all exports of Canadian agri-food products to the region. Talks will begin in November 1999 to address non-tariff issues, while tariff discussions will begin in July 2001.

Canadian Position

To date, Canadian biscuit producers have had very little role in the Brazilian market. Canadian biscuit exports to Brazil in 1996 totalled $42,600 (0.09% market share), but declined in 1997 and 1998 to $11,800 (0.03% of the import market). Canada's market share varies according to subsector, with sweet biscuits typically comprising a larger percentage of Canadian exports.

Table 2: Canadian Supply of Biscuits to Brazil, 1996-1998 ($ millions)

Rank	Country	1996	1997	1998	Share of 1998 Market (%)
28	Canada	0.042	0.021	0.012	0.03
	TOTAL IMPORTS	**46.141**	**35.028**	**37.694**	-

Note: HS code 190530
Source: *World Trade Atlas*, Global Trade Information Services, Inc., 1999.

Competitive Advantage through Canadian Government Policies and Initiatives

Export Development Corporation

The Export Development Corporation (EDC) offers a full range of trade finance services that helps Canadian Exporters and Investors do business in foreign jurisdictions, including higher risk and emerging markets. Founded in 1944, EDC is a Federal Crown

Corporation that operates as a commercial financial institution. Principal services are Account Receivable Insurance, Political Risk Insurance, Bonding for International Transactions and the Financing of International Transactions. For more information, please call the EDC at 1-888-332-3320.

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) also offers small and medium-sized Canadian companies access to financing and better payment terms under the Progress Payment Program (PPP). The PPP concept was developed as a partnership between major Canadian financial institutions and the CCC. It enables the exporter's bank to open a project line of credit for the exporter's benefit, based on CCC approval of the project and the exporter's ability to perform. For more information, please contact the CCC.

Program for Export Market Development

The Program for Export Market Development (PEMD) is the government's primary international business development program. The objective of PEMD is to increase export sales of Canadian goods and services by sharing the costs of activities that companies normally could not or would not undertake alone, thereby reducing risks involved in entering a foreign market. The PEMD refundable contribution is a minimum of $5,000 and a maximum of $50,000. Preference is given to companies with annual sales greater than $250,000 and less than $10 million, or with less than 100 employees for a firm in the manufacturing sector and 50 in the service industry. Eligible activities, the costs of which are shared on a 50/50 basis, include market visits, trade fairs, incoming buyers, product testing for market certification, legal fees for marketing agreements abroad, transportation costs of off-shore company trainees, product demonstration costs, promotional materials, and other costs necessary to execute the market development plan (Other components of the program deal with international bid preparation under Capital Project Bidding, and with Trade Associations when developing international marketing activities for their membership). For additional information, or to receive an application, please contact the International Trade Centre in your province.

WIN Exports

Exporters are encouraged to register with WIN Exports, a database of Canadian exporters and their capabilities, which is used by trade commissioners around the world and by Team Canada partners in Canada to match Canadian suppliers to foreign business leads and to share information on trade events. For more information, please visit www.infoexport.gc.ca/section2/winexp2-e.asp.

MARKET LOGISTICS

Channels of Distribution

The distribution system in Brazil for biscuits is well established in certain regions and non-existent in others. Recent developments in the system have seen the introduction of a North American style retail system, and it is believed that this new system will directly benefit the biscuit industry.

Most imports arrive at the ports of Santos and Rio de Janeiro before being transported overland to various destinations throughout the country. Generally, freight costs associated with distributing goods in this manner raise the cost of imported foods, making them more expensive in the northern than in southern or central regions. As the northeast food market continues to develop, and as regional ports become privatized and modernized, it will become more economically viable to ship directly to the northeast ports of Salvador, Recife, or Fortaleza, rather than to truck the products overland from southern ports for 2 000 to 4 000 kilometres.

Direct Sales

Directs sales to the end user are rare, although opportunities are increasing. Food manufacturers, supermarkets, and large food retailers are beginning to buy a small percentage of imports directly from foreign suppliers. The most popular items to be imported directly are those selling in high volumes and with high turnover. Hiring an agent to aid in coordinating direct sales can be invaluable to establishing a successful import contract.

Foreign companies are permitted to engage directly in trade in Brazil. In many regions, particularly the northeast, foreign companies are being actively sought to invest with the lure of financial incentives.

The opportunity for direct sales is also increasing with the expansion of private label segments in retail outlets. Private labels necessitate the availability of quality products at competitive prices.

Agents and Sales Representatives

Since for years the Brazilian market was closed to foreign competition, hiring a local agent/importer is critical to an exporter's success. The knowledge accumulated by agents during the years before the market was opened to imports can prove invaluable to newly exporting suppliers, saving both time and money for the supplying companies.

The local agent or agents should be able to import the product, deal with regulatory agencies, handle local sales and distribution, and handle product promotion. Because of Brazil's geographic size, exporters may find it necessary to employ more than one agent to ensure national distribution.

Exporters are advised to choose an agent with the utmost care and to ensure that the agent is registered with local authorities before signing an agreement. Before selecting an agent, exporters are recommended to verify the agent's reputation by contacting the Consulate in São Paulo. In addition, the Consulate can provide a list of companies that are capable of performing credit checks and can advise on details such as sales volume, employees, and recommendations for credit limits.

Once an agreement has been signed, a Brazilian agent is protected by law from unilateral termination of the contract without just cause. "Just cause" is limited to negligence of the agent, breach of the contract, acts by the agent that are damaging to the foreign principal, or conviction of the agent for a serious criminal offence.

Retail Distributors

The development of supermarkets and hypermarkets has enabled the expansion and diversification of imported processed food product lines. These stores are introducing both one-stop shopping and a new line of convenience foods. Moreover, traditional markets and local stores are beginning to expand the product lines and kinds of food they carry. These are distribution channels with excellent potential for growth.

In the past two years, the Brazilian supermarket sector has experienced massive consolidation. In 1997 and 1998, three of Brazil's top five supermarket chains - the French-owned Carrefour and the locally owned Pao de Acucar and Bompreco - made a number of acquisitions in order to expand their markets in specific regions. Carrefour and Pao de Acucar added to their market leadership in São Paulo state, while Bompreco solidified its role as the market leader in the northeast. Jeronimo Martins and Sonae, Portugal's leading supermarket chains, and Wal-Mart Brasil also made significant purchases in late 1997. ABRAS, Brazil's association of supermarkets, estimates that within the next five years, Brazil's five largest chains will hold 40-45% market share. Overall, supermarkets and hypermarkets currently account for 75% of retail sector food sales. As the Brazilian retail sector continues with supermarket expansion and as the variety of products offered increases, opportunities for import growth will develop. With the diversification of consumer tastes, there will be a demand for both higher-quality foods, and a greater selection of international food options.

Market-entry Considerations

Traditionally Brazilian companies have not significantly invested time or money into advertising or new product development. However, some Brazilian companies have begun to realize the need for new product development upon the arrival of, and increasing competition from, foreign suppliers. In properly promoting and developing products to suit the tastes of the Brazilian consumer, Canadian companies entering the market may be able to establish brand awareness among consumers and eventually generate brand loyalty.

Before the economic recession, Brazilians were willing to pay more for high quality products, which was good news for Canadian producers, whose products are already viewed as being of superior quality. Facing weakened purchasing power, however, consumers generally have become less willing to spend extra money on what may be viewed as "luxury" goods, and they are becoming more adept at assessing price versus quality. Canadian biscuit manufacturers considering entering the market are therefore advised to keep costs as low as possible, in an effort to appeal to the mass market. Alternatively, exporters may choose to adopt a premium pricing strategy targeting wealthier consumers, in recognition of the fact that imports are frequently beyond the means of most consumers anyway.

Promotion: Since there is little brand awareness of Canadian products in Brazil, it is important for exporters to undertake promotional and marketing activities. Processed food in Brazil is advertised through a variety of media types, the most popular of which is television. The Brazilian television industry, with 112 stations, is highly developed. Radio, magazines and newspapers are other advertising media employed.

The increasing competition expected as a result of growth in the supermarket and hypermarket sectors will necessitate strong in-store promotional strategies. In addition, competitive pricing is a must for products aimed at the price-conscious general consumer. If a product is to be priced higher, promotional material should stress its superior quality in order to address consumers' price concerns.

Exporters should be aware that some supermarkets display imported products in a separate part of the store. This type of product segregation should be avoided if possible, since import sections tend to have a lower volume of consumer traffic.

Transportation and storage: Fully 90% of the cargo shipped within Brazil is transported via its 1.6 million km of roadways. Rail transportation is not as well developed and is typically used only for grains or manufactured goods such as cars.

The most common method of transport into Brazil is via ship. In fact, ports handle

approximately 98% of all trade. Brazil has one thousand ports, of which 39 are ocean ports, which can handle ships up to 100 000 tonnes. The two most important ports are in southern Brazil, in Santos and Rio de Janeiro, and have extensive facilities, such as bonded and/or refrigerated warehouses.

In addition to the ocean ports, Brazil has numerous river ports and approximately 50 000 km of navigable inland water ways.

Suggested Business Practices

When establishing contacts in Brazil, exporters are advised to arrange for an introduction by a respected third party, rather than attempting to make contact on their own. Canadian Trade Commissioners can assist in arranging this type of introduction.

Brazilians are not receptive to the often-aggressive North American attitude toward conducting business. Exporters are encouraged to visit the country to foster trust through personal contact and to demonstrate long-term commitment to the business relationship. Since personal relationships are important to Brazilians, exporters are advised to keep the members of the negotiating teams consistent in order to avoid undermining progress that has been made. Exporters should be prepared to discuss all aspects of the contract simultaneously rather than sequentially. It is also advisable for exporters to arrange to have a local accountant and a notary or lawyer present during negotiations to advise on contractual issues, since Brazilians tend to be unreceptive to an outside legal presence. Fostering the business relationship through visits and personal contact is just as important following the successful close of a deal as it is during negotiations.

Import Regulations

Imports to Brazil face duties ranging from 0% to 40%, with the average tariff under the CET being 17%. Several other taxes and fees are also levied against imports, as shown in Table 3.

Table 3: Taxes and Fees Levied on Imports

• Syndicate Fee	-- 2.2% of c.i.f. value
• Brokerage Fee	-- 1% of c.i.f. value
• Warehouse Tax	-- 1% of import duty
• Fee for handling charges	-- between $28-$140, but varies
• Administrative Commission	-- fixed at $140
• Import Licence Fee	-- approximately $140
• Additional Port Tax	-- two fees totalling 3% of c.i.f. value
• Merchant Marine Renewal Tax	-- 25% of ocean freight charge (sea imports only)

Source: *Customs Guide to The Americas, Brazil, 1997*

In addition, there are two government taxes that may be applied:

1) The Industrial Products Tax (IPI) is a federal tax levied on both imported and domestic products. The tax is assessed at the point of customs clearance for imports. The value of the tax is based on the c.i.f. value of the products, plus duties. As a guideline, products that incur a low import tariff generally pay a low IPI, and vice versa. Most agri-food products are exempt from the IPI, but exporters should confirm the exemption for biscuits.

2) The Merchandise Circulation Tax (ICMS) is a state government value-added tax that is applicable to both imports and domestic products. The value of the tax varies from state to state, but averages 17%. The ICMS on imports is assessed *ad valorem* on the c.i.f. value, duties, and IPI. The cost of this tax is generally passed on to the buyer in the price paid for the product.

Current information concerning tariff duties and rates can be obtained by contacting:

Tariffs and Market Access Division (EAT)
Department of Foreign Affairs and International Trade
Tel: (613) 944-5070 / 944-1569
Fax: (613) 992-6002

In May 1994, Brazil created four free trade zones, all located in northern Brazil to encourage trade in the north: Manaus, in the state of Amazonas; Macapá/Santana in the state of Amapá; Tabatinga, in the state of Amazonas, on the border with Peru; and Guajará-Mirim, in the state of Rondónia, on the border with Bolivia. Of these, the most developed is the Manaus Free Trade Zone, which offers special incentives to encourage industrial, commercial, and agricultural development in the heart of the Amazon. Thus far, the venture has been successful, warranting an extension of the incentives to 2013. Goods entering these ports are not subject to custom duties or to

federal, state, or local import taxes.

Regulations governing inter-state trade vary from state to state. These regulations can restrict the movement of goods between Brazil's various states. For specific information on state restrictions and rules, contact the Canadian Embassy in Brasilia.

Local Standards, Certificates, and Regulations

Health and Food Safety: For the import of agri-food products, Brazilian authorities currently require a health and sanitary Product Certificate issued by Agriculture Canada and duly stamped by a Brazilian Consulate (Montreal or Toronto) in Canada. At the time of printing, the Brazilian government has informed the Canadian Embassy in Brazil that it has eliminated the requirement for consularization of Canadian sanitary certificates. Pending official notification, the Canadian Embassy in Brazil will be able to officially advise Canadian exporters according to the new regulations. For verification, Canadian exporters are encouraged to contact the Brazilian Consulate in Montreal or Toronto.

In January 1999, a new food safety inspection agency, the National Agency for Sanitary Surveillance (ANVS), was created to be the scientific regulatory agency responsible for the safety of all foods (except those such as meat, poultry, dairy, fisheries, alcoholic beverages, feed, and veterinary products, which fall under the Ministry of Agriculture), and other consumer products. The ANVS reports to the Ministry of Health, and includes five departments, including the Department of Food and Toxicology (concerned with food production) and the Department of Ports, Airports, and Borders (which covers food imports and exports). Imported food products must be registered with the ANSV before they enter the country.

The Brazilian Ministry of Agriculture and Food Supply (MAA) is expected to create a similar agency to monitor grain products, which could affect biscuit producers should its regulations influence the quality of flours. Animal and plant health, animal products, and beverages inspections are also likely to be monitored by the MAA.

Registration at Brazilian National Health Agency: The Brazilian National Health Agency has introduced changes to the legislation. As of 1 March 2000, imported food products will require registration, which must be in conformity with Ordinance SVS 120/99. Raw materials and natural food items are exempt from this requirement. For a copy of the legislation in English or French, please contact the Canadian Embassy in Brazil.

Packaging and Labelling: Shipping marks, port of destination, and package number must be prominently shown on the shipping case and positioned so as to avoid being covered by any later strapping. Markings of any other kind should be in a less prominent location and should be limited to essential data. Any identifying marks used

on the bill of lading should also appear on the shipping case.

Labelling for biscuit products need not be approved by the Health Ministry, but must conform to Ordinance 42/98 issued by the Brazilian Health Ministry. For a copy of the legislation in English or French, please contact the Canadian Embassy in Brazil.

Retail Packaging: Brazilian consumers enjoy the attractive modern packaging of imported goods that domestic products have yet to provide. Under the Brazilian Consumer Protection Code, all product labelling must include the following:

- quality;
- quantity;
- composition;
- price;
- guarantee;
- shelf life;
- origin (to include name/address/phone of the producer); and
- risks to consumer health and safety.

All information must be clear, precise, easy to read, and translated into Portuguese. If the package is not printed in Portuguese, a label with the required information in Portuguese must be glued to the package.

Documentation

Import Permit: The import permit is the most important document required for exporting to Brazil. To acquire an import permit, an application must be made to the Foreign Trade Department of the Bank of Brazil (DECEX).

There is a new automated system for obtaining import licences, called SISCOMEX. All applications for licences are now processed on-line for a fee of R$30 ($25.81 in 1999) per import statement, and R$10 ($8.61) per product added to the statement. For information on how to apply on-line, contact one of the Canadian consulates in Brazil or the Brazilian Secretariat of Foreign Trade (SECEX).

The issued permit will state that it is valid for 90 days, the maximum time for embarkation of goods, or in certain cases, for registering the Import Declaration. Exporters requiring an extension because of special operations or predefined exceptions should direct their petition to the Secretariat of Foreign Trade (SECEX).

Commercial Invoice: The invoice should be prepared by the manufacturer or the seller in the country of origin, and should provide the following: full address of the shipper, seller, and consignee; import permit number and other reference numbers; date of order; shipping date; delivery and payment terms; and complete description of the

merchandise and markings.

Pro-forma Invoice: Exporters require this invoice in order to apply for an import permit, and the original should be notarized. The invoice must include a full description of goods, including:

- name and address of manufacturer or exporter;
- signed verification that product prices are current export market price for export to any country;
- if applicable, name and address of agent, distributor, representative, or concessionaire in Brazil, and statement of commission due;
- unit price, total cost, freight, insurance and other charges;
- if applicable, statement that published catalogues or price lists do not exist for the invoiced products.

Bill of Lading: The bill of lading should be nonnegotiable, numbered, and dated. A copy should be attached to each commercial invoice. The bill must also display the import licence number and expiration date, as well as the freight charges in both numbers and words.

Special Documentation: Various special documents are required for the importation of specific products. Exporters are encouraged to consult with local agents to ensure that the documentary needs for their products are met.

All documents must accompany the product when it enters customs and must be accurately completed to avoid long delays and/or fines. According to Brazil's Basic Import Regulations, the fines in Brazil can be very heavy; for example, importing without an import permit can result in fines ranging from 20% to 100% of the c.i.f. value of the products.

Authentication of documents: Documents requiring authentication, such as certificates of sale and letters authorizing an exporter's local agent or importer to act on their behalf, must first be notarized in Canada. The notarized documents can then be authenticated, free of charge, by sending them to:

Department of Foreign Affairs and International Trade
Authentication and Service of Documents (JLAC)
125 Sussex Dr.
Ottawa, ON K1A 0G2
Tel: (613) 992-6602
Fax: (613) 992-2467

Export Credit Risks, Restrictions on Letters of Credit, or Currency Controls

On March 17, 1999, the Brazilian Central Bank announced its decision to lift restrictions on import financing that were introduced in 1997. Short-term financing is now allowed. The decision was made because of the scarcity of credit lines exceeding one year and with the aim of reducing the pressure exerted by imports on the demand for U.S. dollars and on the exchange rate. For more detailed information, please contact the Canadian Embassy in Brasilia.

PROMOTIONAL EVENTS

Event/Description	Organizer/Contact
Gas & Shop November 23-26, 1999 November 2000 (TBC) São Paulo, SP Brazil Aimed at suppliers of food to convenience stores such as snacks, beer, confectionary, biscuits and frozen products.	Miller Freeman do Brasil Ltda. Rua Vanderlei 848 Cep: 05011-001 São Paulo, SP Brazil Tel: (55-11) 3873-0081 Fax: (55-11) 3873-1912 Contact: Claudia Godoy E-mail: cgodoy@mfbr.com Internet: www.mfbr.com
ABIA Food Service 2000 February 8-11, 2000 São Paulo, SP Brazil International trade show for food industry; cafeterias, restaurants, hotels, convenience stores, grocery stores.	AMM Feiras & Negócios Av. Nove de Julho 5966 cj.31 Cep: 01406-200 São Paulo, SP Brazil Tel: (55-11) 3063-3205 Fax: (55-11) 3068-9472 Contact: Ana Passoni E-mail: amm@mtecnetsp.com.br
Sweet Brazil April 2000 (TBC) São Paulo, SP Brazil International chocolate, candies, confectionery and related products show.	Francal Feiras Empreendimentos Alameda Mamoré 503 1st floor Cep: 06454-040 - Alphaville São Paulo, SP Brazil Tel: (55-11) 7291-8188 Fax: (55-11) 7291-0200 Contact: Cintia Dias E-mail: feiras@francal.com.br Internet: www.francal.com.br
FISPAL June 13-16, 2000 São Paulo, SP Brazil International, open to traders only. The major products exhibited are food and beverage, raw material packaging, equipment and services.	Brasil Rio Promoções Empreendimentos Rua Ministro Nelson Hungria 239 cj04 Cep: 05690-060 - Real Parque São Paulo, SP Brazil Tel: (55-11) 3758-0996 Fax: (55-11) 3758-0165 Contact: Ligia Castro Internet: www.grupobrasilrio.com.br

Event/Description	Organizer/Contact
Brasil Pan - International Exhibition and Conference on Technology for Baking and Confectionery Industry in South America July 2000 (TBC) São Paulo, SP Brazil Trade show for the baking and confectionery industry aimed at suppliers of equipments, machinery, ingredients, packaging, services and food and beverage products.	Miller Freeman do Brasil Ltda. Rua Vanderlei 848 Cep: 05011-001 São Paulo, SP Brazil Tel: (55-11) 3873-0081 Fax: (55-11) 3873-1912 Contact: Claudia Godoy E-mail: bpan@mfbr.com Internet: www.mfbr.com
Tecno Alimentaria Latin America - 2nd Tecno Bebida - 5th Food Ingredients Brazil August 2-4, 2000 São Paulo, SP Brazil Trade shows for the food and beverage industry aimed at suppliers of machinery, equipment, services, packaging and raw material (for Tecno Bebida) and food ingredients, flavourings, colourings and preserving devices (for Food Ingredients Brazil)	Miller Freeman do Brasil Ltda. Rua Vanderlei 848 Cep: 05011-001 São Paulo, SP Brazil Tel: (55-11) 3873-0081 Fax: (55-11) 3873-1912 Contact: Claudia Godoy E-mail: cgodoy@mfbr.com Internet: www.mfbr.com
EQUIPOTEL August 2000 (TBC) São Paulo, SP Brazil International trade show for suppliers of machinery, products and services to restaurants, fast foods, chains and hotels.	Equipotel Feiras, Edicões e Promoções Ltda. Rua Afonso Celso 797 Cep: 04119-060 São Paulo, SP Brazil Tel: (55-11) 574-5166 Fax: (55-11) 574-5043 Contact: Fernanda Secco
ABRAS September 2000 (TBC) Rio de Janeiro, RJ Brazil Food showcase targeting agri-food manufacturers and retailers. Largest show in the sector in Brazil. Organized by the Brazilian Supermarkets Association.	ABRAS Av. Diógenes Ribeiro de Lima 2872 Cep: 05083-901 - Alto da Lapa São Paulo, SP Brazil Tel: (55-11) 838-4500 Fax: (55-11) 837-9933 Contact: Claudio Guidini

KEY CONTACTS AND SUPPORT SERVICES

Canadian Government Contacts

Canadian Embassy
SES Av. das Nações, Lote 16
70410-900 Brasilia, DF, Brazil
Contact: David Weiner
First Secretary (Commercial/Economic)
Tel: (55-61) 321-2171
Fax: (55-61) 321-4529
E-mail: david.weiner@dfait-maeci.gc.ca

Canadian Consulate General, Rio de Janeiro
Rua Lauro Muller 116, Room 2707
Torre Rio Sul-Botafogo, 22290-116
Rio de Janeiro, RJ Brazil
Tel: (55-21) 542-7593 / 275-2039
Fax: (55-21) 275-2195

Canadian Consulate General, São Paulo
Edificio Top Center
Avenida Paulista 854, 5 Andar
01310-913 São Paulo, SP Brazil
Contact: Claude N. Fontaine, Senior Trade Commissioner
Tel: (55-11) 253-4944
Fax: (55-11) 3171-0058
E-mail: infocentre-spalo@dfait-maeci.gc.ca

Department of Foreign Affairs and International Trade
Market Support Division (TCM)
125 Sussex Dr.
Ottawa, ON K1A 0G2
Contact: Robert Lazariuk
Tel: (613) 995-1773
Fax: (613) 944-0050

Department of Foreign Affairs and International Trade
South American and Inter-American Division (LSR)
125 Sussex Dr.
Ottawa, ON K1A 0G2
Tel: (613) 996-3026
Fax: (613) 944-0470

Agriculture and Agri-Food Canada
Sir John Carling Building
930 Carling Ave.
Ottawa, ON K1A 0C5
Contact: Marcello di Franco, Senior International Market Development Officer
Tel: (613) 759-7753
Fax: (613) 759-7505
E-mail: difrancom@em.agr.ca

Business Development Bank of Canada
#400, 5 Place Ville Marie
Montreal, QC H3B 2G2
Tel: 1-888-463-6232
Fax: (514) 283-0617
Internet: http://www.bdc.ca/

Canadian Commercial Corporation
Metropolitan Centre
50 O'Connor St., 11th Floor
Ottawa, ON K1A 0S6
Tel: 1-800-748-8191 / (613) 996-0034
Fax: (613) 995-2121
E-mail: info@ccc.ca
Internet: http://www.ccc.ca

Canadian International Development Agency (CIDA)
Place du Centre
200 Promenade du Portage
Hull, QC K1A OG4
Tel: (819) 997-5456
Fax: (819) 953-5024

Export Development Corporation
151 O'Connor St.
Ottawa, ON K1A 1K3
Tel: (613) 598-2500
Fax: (613) 598-6697
E-mail: export@edc4.edc.ca
Internet: http://www.edc.ca

Agriculture and Agri-Food Canada

The Agri-Food Trade Service regional contacts are:

Al McIsaac
St. John's, NF
Tel.: (709) 772-0330
E-mail: mcisaaca@em.agr.ca

Shelley Manning
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Bernard Mallet
Moncton, NB
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E-mail: malletb@em.agr.ca

Chris Pharo
Charlottetown, PEI
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Marc Chénier
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Marg Toronchuk
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Brazilian Government Offices in Canada

Brazilian Embassy
450 Wilbrod St.
Ottawa, ON K1N 6M8
Tel: (613) 237-1090
Fax: (613) 237-6144

Brazilian Consulate General, Vancouver
1140 Bender St., Suite 1300
Vancouver, BC V6E 4G1
Tel: (604) 687-4589
Fax: (604) 681-6534
E-mail: cbg@mindlink.net

Brazilian Consulate General, Montreal
2000 Mansfield St.
Montreal, QC H3A 3A5
Tel: (514) 499-0968
Fax: (514) 499-3963
E-mail: consbras@brasil.interax.net

Brazilian Consulate General, Toronto
Trade Commission
77 Bloor St. W., Suite 1109
Toronto, ON M5F 1M2
Tel: (416) 922-2503
Fax: (416) 922-1832
E-mail: cgbrtor@interlog.com

Brazilian Government Offices in Brazil

Foreign Trade and Investment Department (DECEX)
Av. Nilo Peçanha, 50
32 ° andar / sala 3216
20044-900 Rio de Janeiro, RJ Brazil
Tel: (55-21) 534-8145
Fax: (55-21) 262-1495

Ministry of Foreign Affairs (MRE)
Trade Promotion Department
Esplanada dos Ministérios
Palácio do Itamaraty - 70170-900
Brasilia, DF Brazil
Tel: (55-61) 211- 6240
Fax: (55-61) 223 - 2392

Technical Department of Tariffs (DTT)
Av. Presidente Antonio Carlos, 375
11° andar 20020-010
Rio de Janeir, RJ Brazil
Tel: (55-21) 240- 2548
Fax: (55-21) 240-2857

Secretariat of Foreign Trade (SECEX: Secretaria de Comércio Exterior)
Department of Operations of Foreign Trade
Paulo Cezar De Freitas Samico, Director
Praça Pio X, 54
4º Andar Sala 402
20091-040 Rio De Janeiro, RJ Brazil
Tel: (55-21) 216-0505 / 263-8796
Fax: (55-21) 216-0563

Chambers of Commerce and Industry Associations

Brazilian Association of Trading Companies (ABECE)
Rua Da Quitanda, 191 - 6° andar
20091-000 Rio de Janeiro, RJ Brazil
Tel: (55-21) 253-1225
Fax: (55-21) 253-7278

Brazil-Canada Chamber of Commerce
Suite 300, 360 Bay St.
Toronto, ON M5H 2V6
Tel : (416) 364-3555
Fax : (416) 364-3453

Brazilian Foreign Trade Association (AEB)
Av. General Justo, 335/ 4° andar
20021-130 Rio de Janeiro, RJ Brazil
Tel: (55-21) 240-5048
Fax: (55-21) 240-5463

Canadian Council for the Americas
360 Bay St., Suite 300
Toronto, ON M5H 2V6
Tel: (416) 367-4313
Fax: (416) 367-5460

Federation of Foreign Trade Chambers (FCCE)
Av. General Justo, 307/ 6° andar
20021-130
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Tel: (55-21) 297-0011
Fax: (55-21) 240-1622

National Confederation of Industry
Rio de Janeiro
Ac. Nilo Peçanha, 50/34° andar
20044-900, Rio de Janeiro, RJ Brazil
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Fax: (55-21) 262-1495

Brasília
SBN - Quadra 1 - Bloco C
Ed Roverto Simonsen
70040-903 Brasília, DF Brazil
Tel: (55-61) 321-7788
Fax: (55-61) 224-2292

National Confederation of Commerce
Av. General Justo, 307
20021-000, Rio de Janeiro, RJ Brazil
Tel: (55-21) 297-0011
Fax: (55-21) 240-1622

Canadian Banks in Brazil

Bank of Montreal
(Banco De Montreal S.A.)
AV. Rio Branco 143-18 Andar
20040-006
Rio De Janeiro, RJ 20149 Brazil
Representative: Ely Couto
Tel: (55-21) 271-0428
Fax: (55-21) 242-9543

Royal Bank of Canada
(Banco Royal Do Canada (Brasil) S.A.)
Avendia Paulista 460-16 Andar
0310 São Paulo, SP, Brazil
Representative: C.A. Barbouth
Tel: (55-11) 283-3911
Fax: (55-11) 384-0508

BIBLIOGRAPHY

Canadian Foreign Service Institute Centre for Intercultural Learning Anthology. *Brazil - An Introduction*, 1997.

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Department of Foreign Affairs and International Trade. *Overview of the Climate for Doing Business in Brazil*, January 1996 (faxlink no. 82199)

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OTHER REFERENCE MATERIAL

Useful Internet Sites

Agri-Food Trade Service: **http://www.atn-riae.agr.ca**

Brazilian Central Bank: **http://www.bcb.gov.br**

Brazilian Development Bank: **http://www.bndes.gov.br**

Brazilian Institute of Geography and Economics: **http://www.ibge.gov.br**

Brazilian Ministry of External Relations: **http://www.dpr.mre.gov.br**

Brazilian Ministry of Finance: **http://www.fazenda.gov.br**

Brazilian Support Service to Small Business: **http://www.sebrae.org.br**

BrazilTradeNet: **http://www.dpr.mre.gov.br/e/default-e.htm**

Canadian Consulate General in São Paulo: **http://www.dfait-maeci.gc.ca/spaulo/in/wait_in.htm**

Exhibitions 'Round the World: **http://www.exhibitions-world.com/**

Governments on the WWW: Brazil: **http://www.gksoft.com/govt/en/br.html**

InfoExport: **http://www.infoexport.gc.ca**

Inside Brazil: **http://www.amcham.com.br/publicadept/inside/ibhis.htm**

International Development Research Center (IDRC):
http://www.idrc.ca/lacro/investigacion/mercosur.html

Strategis: **http://strategis.ic.gc.ca/**

Tradeport: **http://www.tradeport.org**

Trade Show Central: **http://www.tscentral.com**

U.S. Department of Agriculture: **http://www.fas.usda.gov/**

World Bank: **http://www.worldbank.org/**

Table 4: Currency Conversion Rates for Canadian Dollar, Brazilian Real and U.S. Dollar (using average annual rates)

Source to Target Currency	1995	1996	1997	1998	1999*
Canadian dollar to Brazilian real	1.2590	1.3703	1.2797	1.2729	2.6112
Brazilian real to Canadian dollar	0.7943	0.7298	0.7814	0.7856	0.3830
Canadian dollar to U.S. dollar	0.7289	0.7334	0.7224	0.6747	0.6703
U.S. dollar to Canadian dollar	1.3724	1.3635	1.3846	1.4837	1.4923

* based on data from January 1 to July 1, 1999.
Sources: IDD Information Services, *Tradeline*, July, 1999; United States Federal Reserve Bank of St. Louis, September 1999.